

COMPREHENSIVE CHILD CARE PROGRAM - STAGE 2

(NI-0153)

EXECUTIVE SUMMARY

Borrower:	Republic of Nicaragua	
Executing agency:	Ministry of the Family (MIFAMILIA)	
Amount and source:	IDB(FSO):	US\$ 25,000,000
	Borrower:	US\$ 2,780,000
	Total:	US\$ 27,780,000
Terms and conditions:	Repayment period:	40 years
	Grace period:	10 years
	Disbursement period:	42 months (3-1/2 years)
	Interest rate:	1% per year during the first 10 years
		2% per year from that date forward
	Inspection and supervision:	1% of the amount of the loan
Objectives:	Credit fee:	0.5% annually on the undisbursed balance of the loan
	<p>Approximately two thirds of Nicaraguan children under 5 years of age live in poverty, while around one fifth live in extreme poverty, making this the age group most likely to be poor. The lack of prenatal and health care, nutrition, and early stimulation among the majority of poor children dramatically reduces their capacity to be successful in primary school. As a result, they do not acquire the knowledge or skills to help them overcome the poverty in which they were born, thus transmitting it from one generation to the next.</p> <p>In order to break this cycle of poverty and provide children with improved development, health, and nutrition, the proposed operation—which is an expansion of the Comprehensive Child Care Program (PAININ)—promotes ongoing, comprehensive care for vulnerable children, from gestation until they enter primary school.</p> <p>In this framework, the objectives of PAININ-2 are: (i) to broaden the comprehensive care of PAININ-1, using targeting based on childhood vulnerability criteria; (ii) to improve the quality of care; and (iii) to strengthen the institutional framework for guiding, supervising, and financing child care programs.</p>	

Description: To date, child care efforts have been fragmented among different sectors, and have suffered from insufficient coverage and a failure to provide the supplementary support to families needed to achieve lasting effects. Thus, there is a lag in investment to help the most vulnerable, though this is precisely where investment could be most cost effective in reducing poverty. PAININ-2 would fill this void, adding significant coverage to the initial program of comprehensive care for Nicaragua's children.

Implementation of the program would occur over three years, and would be linked to the Strengthened Poverty Reduction Strategy (ERRP) through the social protection pillar. The program would invest in human capital and in strengthening the institutional framework for protecting poor and vulnerable children. The program earmarks nearly 75% of its resources for comprehensive child care programs in targeted localities and consists of two components.

Component 1. Comprehensive care projects for children in targeted municipalities (73% of resources)

Through component 1, the executing agency would contract civil society organizations, known as participating entities (PEs), to implement comprehensive care projects for poor and extremely poor children under 6 years of age in municipalities with the greatest needs. The average cost of care in this second stage is estimated at US\$145 per child per year, providing care—in the third year—to 80,000 children. This represents an increase of 250% over the current coverage.

PEs will provide assistance in: (i) instructing pregnant and nursing women in child-rearing practices (including nutrition); (ii) referring pregnant women to the health care system, where they can receive prenatal care, with both instruction and referral designed to ensure that children are born healthy; (iii) measures to stimulate early development and to provide preschool education to children under 6 years of age; (iv) monitoring of growth and development, including referring children to the health care system; (v) instruction and advice to parents regarding proper child-rearing practices, nutrition, family hygiene, violence prevention, and reproductive health; and (vi) provision of food supplements for children and pregnant and nursing women. PEs will deliver services through community child care centers and by use of mobile teams working out of community-based units.

Component 2. Institutional strengthening and support for the operational framework (18% of resources)

The second component seeks to strengthen institutions responsible for child care and support the operational framework for implementing PAININ, while institutionalizing PAININ as a MIFAMILIA program that extends beyond the present operation, to be carried out externally.

Although administration of the program will be supported by Bank resources (from component 2), the Ministry will provide a growing portion of this financing, and will include counterpart financing for this operation in the its 2001 fiscal budget.

In addition, component 2 will provide financing to develop and set in place the operational instruments needed to provide MIFAMILIA with information and tools for monitoring, follow-up, and evaluation of component 1 projects. Training and social communication will also be employed, in order to increase awareness and bring civil society organizations into the program.

The Bank's country and sector strategy:

The Bank's strategy in Nicaragua gives priority to poverty reduction, through productive and social projects investment in human capital, as set forth in the Country Paper (GN-1931). The Bank supported preparation of the ERRP, and has promoted adoption of the strategy as a national policy. This approach has also influenced the design of operations agreed upon with Nicaragua.

The poverty reduction agenda supported by the Bank includes: (i) financing basic infrastructure, with an emphasis on local development; (ii) sectoral reform in education, health, and care for vulnerable groups; (iii) strengthening management and line institutions (Ministries), and institutions concerned with coordination (Technical Secretariat of the Office of the President) and execution (Social Investment Fund, Municipal Development Institute, and municipalities); and (iv) establishing a network of social protection programs for Nicaragua.

PAININ is consistent with the Bank's strategy and has become part of the social protection network, since it uses vulnerability criteria, targets the most vulnerable, and seeks to strengthen supply and demand for cost-effective comprehensive care for the target group, in order to break the intergenerational cycle of poverty. PAININ also provides a model for reforming the system of caring for vulnerable groups, and fosters improved and more targeted social spending.

Environmental and social review:

The program is not expected to have a negative impact on the environment. The works envisaged in this operation are small in scale, and are aimed at providing children with a clean environment. Environmental management standards developed by the Emergency Social Investment Fund, annexed to the program's operational guidelines, will be applied. It is anticipated that training and consulting activities in family hygiene and child rearing for parents and young people will increase awareness on the sustainable use of natural resources.

Benefits:

PAININ is expected to have the following benefits: (i) better preparation for children to enter and succeed in school, thus avoiding the deficiencies these children normally have upon entering primary school; (ii) improvement in the economic situation of families, by permitting mothers with young children receiving care through the program to work, and by providing the facilitators (who are mostly women) local opportunities for training and income; (iii) gender equity: since PAININ includes consultation and training for young adults, it is anticipated that there will be an increase in the age of first pregnancies, along with increased school attendance among girls, giving them greater access to learning and skills that could affect the future education of their children; and (iv) social equity: the system of targeting will ensure that an equitable proportion of resources is earmarked for the Atlantic Coast Region, while the participatory nature and design of the projects will incorporate the social and cultural reality of the groups being served.

Risks:

One major risk is the electoral calendar, which involves a change of administration at the beginning of PAININ-2. This risk is mitigated by the fact that PAININ falls within the ERRP, which has broad acceptance as a national policy. The issue of children proved to be a strong uniting element in the first stage. Moreover, the Project Preparation Facility (PPF) 1076/SF-NI, currently under execution, will make it possible for the technical team, the initial dissemination campaign, and even some projects to already be underway when the change of administration occurs.

Although PAININ-1 established transparent mechanisms for collaboration, there is a risk that there will be disagreement between the government and civil society regarding program approach. The execution scheme establishes a system of social audits within the parents' committees and children's commissions. The clarity and specificity of the operational guidelines will help promote the basic concept of collaboration established in PAININ-1.

There is also a risk that there will be pressure not to apply the targeting protocol in a transparent manner. This risk will be mitigated by including the list of eligible municipalities in the operational guidelines prior to the start of implementation and by broad dissemination of criteria for selecting localities and of program objectives and standards.

Since MIFAMILIA is in the initial stages of modernization, with assistance from loan 1061/SF-NI, its institutional sustainability has yet to be consolidated. However, the technical support and financing envisaged in this operation and in loan 1061/SF-NI will mitigate this risk.

There could be cultural resistance, on the part of mothers, to caring for children ages 0 to 3 years of age. This risk will be mitigated by counseling pregnant women, offering home care, communicating the social benefits of early comprehensive care, and designing projects in each municipality, so that the particular cultural needs of the community are taken into account.

**Special
contractual
clauses:**

1. **Conditions precedent to the first disbursement:**
 - a. The executing agency shall present, to the Bank's satisfaction, evidence that the program's operational guidelines have officially entered into force. (Paragraph 3.29)
2. **Special condition precedent to the first disbursement of resources of component 1.**
 - a. The executing agency shall submit, to the Bank's satisfaction, a report from the consulting firm in charge of the evaluation confirming that the data for the baseline data were successfully collected prior to the first disbursement for component 1, "Comprehensive Child Care in Targeted Municipalities." (Paragraphs 2.28 and 3.30)
3. **Other special conditions of execution:**
 - a. No more than 80% of the resources from category 1.1—Financing of Child Care Services—may be allocated to projects in municipalities of the Pacific Region. In order to institute this contractual clause, the executing agency shall report the proportion of resources from category 1.1 obligated to the Atlantic Coast and Pacific Regions of the country when requesting the Bank's nonobjection to soliciting tenders for each new municipal project. (Paragraphs 3.11 and 3.31)

- b. No later than 20 months after the effective date of the operation, the executing agency shall submit to the Bank a mid-term evaluation report and it shall submit a final evaluation report on the operation no later than 36 months after that same date. (Paragraphs 3.25 and 3.32)

Poverty-targeting and social sector classification:

This operation qualifies as a project that promotes social equity, as described, under key objectives for Bank's activities, in the report on the Eighth Replenishment (document AB-1704). The borrower shall fund 10% of the cost through additional financing. (Paragraph 2.4)

This operation also qualifies as a poverty reduction project (PIP). (Paragraphs 3.11 to 3.15 and 4.8)

Exceptions to Bank policy:

None.

Procurement:

In selecting consultants, the executing agency shall, with the Bank's nonobjection, use an evaluation methodology based on quality and cost. In all cases, the cost criteria may not represent more than twenty percent (20%) of the total assessment.

Bank procedures shall be used for works construction (only minor works are envisaged), procurement of goods, and contracting of consulting services, as specified in paragraphs 3.33 and 3.19.

Table III-2. Procurement and contracting procedures		
Goods	Comprehensive care services	Consulting services
More than US\$250,000 ICB	More than US\$250,000 ICB With prequalification	More than US\$200,000 ICB With prequalification
Between US\$50,000 and US\$250,000 NCB	Between US\$50,000 and US\$200,000 NCB With prequalification	Between US\$50,000 and US\$200,000 NCB
Less than US\$50,000 PC	Less than US\$50,000 PC With prequalification	Less than US\$50,000 PC

ICB: International competitive bidding

NCB: National competitive bidding

PC: Price shopping